

Message Text

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TAGS : EINV, BG

SUBJECT : NATIONALIZATION COMPENSATION INSURANCE

REF : DACCA 2763

1. ECONOMIC OFFICER MET JUNE 1 WITH SHAMSUL ALAM, MANAGING DIRECTOR, AND A.K.M.R. ISLAM, DEPUTY GENERAL MANAGER (FINANCE), SADHARAN BIMA CORPORATION TO DISCUSS THE PROGRESS OF NATIONALIZATION COMPENSATION FOR INSURANCE COMPANIES. ALSO RAISED DURING THE DISCUSSION WAS THE POSSIBILITY OF A U.S. FIRM REENTERING THE INSURANCE MARKET IN BANGLADESH.

2. SADHARAN BIMA CORP. HAS TWO U.S. INSURANCE COMPANIES ON ITS LIST FOR CONSIDERATION FOR NATIONALIZATION COMPENSATION. THESE FIRMS ARE AMERICAN INTERNATIONAL UNDERWRITERS (AIU) AND HOME INSURANCE. BIMA RECOGNIZES AIU AS HAVING TWO SUBSIDIARIES (THE HANOVER AND NEW HAMPSHIRE INSURANCE COMPANIES). HOME INSURANCE OPERATED IN BANGLADESH AS A UNIT OF THE AMERICAN FOREIGN INSURANCE ASSOCIATION (AFIA). WE HAVE REASON TO BELIEVE THAT A SECOND AFIA UNIT, AMERICAN GENERAL INSURANCE, MAY HAVE ALSO OPERATED IN EAST PAKISTAN. SADHARAN BIMA PROMISED TO INVESTIGATE AMERICAN GENERAL'S RIGHTS TO COMPENSATION.

3. SADHARAN BIMA HAS MADE PRELIMINARY ESTIMATIONS OF THE NET WORTH AS OF DECEMBER 31, 1971, OF THE U.S.

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FIRMS FOR THE PURPOSE OF DETERMINING THE LEVEL OF COMPENSATION DUE. AIU ON SADHARAN BIMA'S BOOKS HAD ON DECEMBER 31, 1971 AN ASSET VALUE OF TK 239,972.52 (ABOUT \$15,500) AND A LIABILITY LEVEL OF TK 1,066,449.93 (ABOUT \$68,800). SINCE THAT TIME SEVERAL CLAIMS BASED ON AIU'S EARLIER POLICIES HAVE BEEN PAID BRINGING THE CREDITED LIABILITY LEVEL OF AIU TO TK 1,229,907.03

(ABOUT \$79,300) AS OF DECEMBER 31, 1976. THIS LATTER
VALUE IS THSMVALUE BIMA INTENDS TO USE IN CALCULATING
THE ACTURE
VALUE FOR COMPENSATION PURPOSES.

4. SADHARAN BIMA HAS NOT COMPLETED AUDITING HOME
INSURANCE'S BOOKS AND AT PRESENT HAS NO LIABILITY
FIGURES AS OF DECEMBER 31, 1971. ASSETS AT THAT TIME
ARE LISTED AT TK 96,082.95 (ABOUT \$6,200).

5. BIMA CLAIMS THAT THE INSURANCE COMPANIES KEPT MOST
OF THEIR ASSETS IN PAKISTAN. THIS, THEY SAY, EXPLAINS
THE LOW AND NEGATIVE NET BALANCES. GOODWILL REMAINS
AN ITEM FOR WHICH ECMPENSATION WILL NOT BE PAID,
THEY SAID.

6. COMMENT: IT IS APPARENT THAT THE BDG (AS REPRE-
SENTED BY BIMA) INTENDS TO PAY LITTLE OR NO COMPENSA-
TION TO NATIONALIZED INSURANCE FIRMS. END COMMENT.

7. AIU HAS INQUIRED ABOUT THE POSSIBILITY OF RESUMING
ITS INSURANCE PRACTICE IN BANGLADESH (SEE REFTEL).
THE BIMA OFFICIALS (ECHOING EARLIER STATEMENTS BY
COMMERCE MINISTRY OFFICIALS TO ECON OFFICER) STATED
THAT PRIVATE INVESTMENT IS PERMITTED ONLY IN THE AREA OF
LIFE INSURANCE. GENERAL INSURANCE, THEY INDICATE, IS
LIKELY TO REMAIN A PUBLIC MONOPLY.

8. WE WILL CONTINUE TO FOLLOW THESE ISSUES AS THEY
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DEVELOP AND, ARE PURSUING THEM (INCLUDING THE ISSUE RAISED REFTEL)
FURTHER AT HIGHER LEVELS.
MASTERS

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